



**U.S. DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL  
75 Park Place, 12th Floor  
New York, New York 10007**



March 30, 2004

**Control Number  
ED-OIG/A02-D0020**

Honorable César A. Rey-Hernández  
Secretary of Education  
Puerto Rico Department of Education  
Calle Teniente González, Esq. Calle Calaf – 12<sup>th</sup> Floor  
Urb. Tres Monjitas  
San Juan, Puerto Rico 00919

Dear Secretary Rey-Hernández:

This is our Final Audit Report entitled *Puerto Rico Department of Education's (PRDE) Special Education Expenditures for the period, July 1, 2002 to December 31, 2002*. The objective of our audit was to determine if the non-salary, Individuals with Disabilities Education Act (IDEA), Part B, Special Education expenditures reported by PRDE for the six-month period ending December 31, 2002, were allowable and spent in accordance with Federal law and regulations. During the course of the expenditure review, we found that PRDE had allowed approximately \$38.1 million to lapse for the grant award years 1997 through 2001. We also found that PRDE could not provide supporting documentation for expenditures totaling \$122,901. Additionally, PRDE paid \$17,000 for a trailer that was not used for Special Education students.

We provided a draft of this report to PRDE. Based on PRDE's response, dated March 12, 2004, and documentation provided with the response, we made changes to the final audit report regarding unsupported expenditures. The remaining findings and recommendations did not change due to PRDE's response. We have summarized PRDE's comments after each finding and have included PRDE's entire response as an Attachment.

### **BACKGROUND**

IDEA, Part B, was designed to ensure that all children with disabilities have available to them a free appropriate public education that emphasizes special education and related services designed to meet their unique needs and prepare them for employment and independent living.

On May 29, 2002, the U.S. Department of Education (ED) designated PRDE as a "high-risk" grantee under 34 C.F.R. § 80.12 because of problems in PRDE's fiscal and program accountability such as:

- late submission of Single Audits,
- failure to adhere to procurement regulations and procedures,
- lack of proper internal controls, and

- actions leading to the indictments of the former Secretary of Education and other associated individuals.

On June 27, 2002, PRDE submitted a Corrective Action Plan that outlined steps already taken and those to be taken to address the problems and ensure compliance with all of the requirements applicable to ED's programs.

On September 4, 2002, ED informed PRDE that the Office of Special Education and Rehabilitative Services (OSERS) conditionally approved Puerto Rico's Eligibility Document Submission for Federal Fiscal Year 2002 under IDEA, Part B. These Special Conditions included providing quarterly expenditure and progress reports for each program.

On January 31, 2003, PRDE submitted to ED the first quarterly report, which covered the six-month period, July 1, 2002 to December 31, 2002. The report covered \$258 million in expenditures incurred by PRDE from Federal education funds for this six-month period. Our audit covers non-salary related Special Education expenditures that totaled \$13,535,521, as reported by PRDE.

## AUDIT RESULTS

### **Finding 1 PRDE had approximately \$38.1 million in Special Education funds that have lapsed**

PRDE did not effectively manage its Federal grant funds. As a result, PRDE will be unable to use \$38,115,522 in five Special Education grants, awarded from July 9, 1997, through July 1, 2001. These funds could have been used to benefit Special Education students. Of that amount, \$2,965,555 from one of the grant awards was de-obligated and reverted to the U. S. Treasury on September 30, 2003. The remaining \$35,149,968 from the other four grants lapsed and will revert to the U.S. Treasury unless PRDE can provide evidence to ED of outstanding expenses obligated during the grant periods.

According to 34 C.F.R. § 80.20(b)(2),<sup>1</sup> "Accounting records . . . must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

The regulations at 34 C.F.R. § 80.20(b)(3) state, "Internal Control . . . Effective control and accountability must be maintained for all grant and subgrant cash . . . ."

Pursuant to 34 C.F.R. § 80.23(a) and (b), "Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period. . . . A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period. . . . The Federal agency may extend this deadline at the request of the grantee."

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<sup>1</sup> Unless otherwise specified, all regulatory citations are to the July 1, 2002 volume.

Under the "Tydings Amendment," Section 421(b) of the General Education Provisions Act, 20 U.S.C. 1225(b), any funds not obligated and expended during the period for which they were awarded become carryover funds and may be obligated and expended during the succeeding fiscal year.

ED's Grant Administration and Payment System (GAPS) shows information on grant awards, such as authorizations, confirmed deposits, draws, and available balances. As of March 12, 2004, GAPS reported the following Special Education grant award funds as lapsed:

<b><u>Grant Award</u></b>	<b><u>Authorization</u></b>	<b><u>Lapsed Funds</u></b>
H027A970115	\$ 21,308,942	\$ 2,965,555
H027A980115	31,761,179	2,476,942
H027A990115	37,448,755	6,421,710
H027A000115	43,909,097	21,897,123
H027A010115	<u>56,447,698</u>	<u>4,354,192</u>
<b>Totals</b>	<b><u>\$190,875,671</u></b>	<b><u>\$ 38,115,522</u></b>

Of the \$38,115,522 in lapsed funds, \$2,965,555 from award H027A970115 reverted to the U.S. Treasury on September 30, 2003.

PRDE did not closely monitor available grant balances. According to PRDE officials, the problem began when PRDE's Budget Division did not open grant accounts timely in the Puerto Rico Treasury Department's Puerto Rico Integrated Financial Accounting System (PRIFAS). PRDE officials stated that this forced them to charge payroll for the new grants to the previous grant year or any other grant that had an available balance, resulting in untimely multiple adjusting entries in GAPS.

Additionally, PRDE officials stated that their Accounting Division did not obtain the payroll report, known as the GL 200, from the Puerto Rico Treasury Department until two to three months after the payroll had been processed. Consequently, PRDE had to make multiple adjusting entries months after the charges were made and, in some instances, after the grant had been closed in GAPS.

PRDE officials stated that they allowed charges to be made to previous grant years because the account codes in PRIFAS remained open for five years, as opposed to three years in GAPS. This allowed charges to be made against the grants for funding periods already closed in GAPS.

We concluded that, had internal controls been in place to prevent lapsed funds, approximately \$38.1 million could have been better used to provide Special Education services to Puerto Rico's students.

## **Recommendations**

We recommend that the Assistant Secretary for OSERS require PRDE to:

- 1.1 Provide evidence to OSERS of any valid obligations made within the authorized award periods so that grants, with funds that have not yet reverted to the U.S. Treasury, can be reopened and funds liquidated;
- 1.2 Access and use the data in GAPS to closely monitor available grant balances;
- 1.3 Implement a system that will require PRDE's Budget Division to open new grant account codes upon the receipt of the Grant Award Notification;
- 1.4 Open the grant account codes in PRIFAS timely and make payroll charges to the corresponding grant year only;
- 1.5 Implement a system that will allow the receipt of the GL 200 payroll report from the Puerto Rico Treasury Department no more than two weeks after the payroll has been processed; and
- 1.6 Implement a system that will require PRDE's Accounting Division to make timely reconciliations to the GL 200 payroll report and timely adjusting entries to GAPS, as appropriate.

## **PRDE's response**

PRDE stated that it is working in cooperation with ED to ensure that lapsed Special Education funds can be reimbursed to PRDE as quickly as possible. During recent conversations with ED, PRDE explained that it properly obligated the funds in question during the authorized period, but ED had not reimbursed the funds. PRDE indicated that once it provides evidence to ED of obligations that were properly incurred, but not reimbursed, ED would reopen the grants and permit PRDE to liquidate the funds.

## **OIG's reply**

We considered PRDE's response, but did not change our finding or recommendations. Although PRDE is working with ED to ensure that funds can be reimbursed, PRDE must provide evidence that the obligations were incurred within the grant period. As of March 12, 2004, the amount of lapsed funds for grant award H027A010115 changed to \$4,354,192. As a result, PRDE had lapsed funds totaling \$38,115,522.

Although PRDE reported it is in the process of implementing recommendation 1.1, it did not present a corrective action plan addressing the remaining recommendations to avoid this situation in the future. Specifically, PRDE did not address recommendations 1.2 through 1.6. As a result, PRDE is unable to ensure that Special Education funds will not continue to lapse and revert to the U.S. Treasury.

**Finding 2      PRDE could not provide supporting documentation and used Special Education funds for purposes other than to serve Special Education students**

Our review of a sample of non-salary Special Education expenditures reported by PRDE for the period July 1, 2002, through December 31, 2002, disclosed that PRDE could not provide supporting documentation for expenditures totaling \$122,901 for transportation services. This occurred because PRDE did not maintain an adequate filing system for supporting documentation of expenditures. As a result, PRDE could not assure ED that funds were expended properly.

Additionally, PRDE used \$17,000 of Special Education funds to purchase a trailer that was intended for the use of Special Education students. Instead, the trailer housed the school's counselor and social worker. The Special Education students were not benefiting from the trailer because PRDE's Office for Public Schools Improvement still needed to repair the unsafe condition of the trailer's ramp.

According to 34 C.F.R. § 80.20(a), "[F]iscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to . . . (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." Further, 34 C.F.R. § 80.20 (b)(2) states, "Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

The regulations at 34 C.F.R. § 80.20(b)(6) state, "Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

**Recommendations**

We recommend that the Assistant Secretary for OSERS require PRDE to:

- 2.1      Return to ED \$122,901 in unsupported costs or provide supporting documentation of costs expended;
- 2.2      Institute controls to ensure all expenses paid are allowable and all documentation supporting expenses paid to contractors are maintained; and
- 2.3      Complete the trailer's handicapped facilities to make them accessible for Special Education students.

**PRDE's response**

PRDE provided supporting documentation for the unsupported transportation expenditures for the Bayamón region and described its process for reimbursement of transportation costs. PRDE re-assigned the trailer for use by Special Education students. PRDE provided an affidavit signed by the school director acknowledging that the Special Education teacher started using the trailer

effective February 23, 2004. Additionally, PRDE stated that although none of the students required wheel-chair access to enter the trailer, they planned to decrease the slope of the ramp to make the trailer wheel-chair accessible. Finally, PRDE stated it would use this trailer for the Special Education program and students for the remainder of its usable life.

### **OIG's reply**

We reviewed PRDE's response and numerous exhibits and determined that of the \$612,429 in unsupported transportation expenditures reported in the draft audit report, \$122,901 remained unsupported. PRDE did not provide payment vouchers supporting these transportation expenditures. PRDE's corrective actions should improve the process for approving, paying, and maintaining supporting documentation for transportation services.

Our position and recommendation remain unchanged regarding PRDE's use of the trailer. As a result of our finding, PRDE became aware of the improper situation and relocated the Special Education teacher to the trailer. Additionally, our recommendation has not been fully implemented because PRDE was still in the process of making the trailer wheel-chair accessible.

## **OTHER MATTERS**

During our audit work, we noticed significant lapsed funds in program areas that are in addition to the scope of this audit. On December 9, 2003, we issued an Interim Audit Memorandum (State and Local No. 04-02) to ED's Chief Financial Officer identifying a total of approximately \$217.4 million in ED grant funds that would lapse by December 31, 2003. This amount included the \$38.3 million reported in the draft of this report, the \$96.3 million reported in our concurrent draft audit report on PRDE's Title I Expenditures (report No. ED-OIG/A02D0014), and \$82.8 million we identified in grant funds that are from programs outside the scope of these two audits. As of March 12, 2004, PRDE had lapsed funds totaling \$38.1 million and \$109.8 million for Special Education and Title I grants, respectively. Had internal controls been in place to prevent lapsed funds, pending evidence of any outstanding obligations, approximately \$230.7 million in ED grants could have been better used to provide services to Puerto Rico's students.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

The objective of our audit was to determine if the non-salary, Special Education expenditures reported by PRDE for the six-month period ending December 31, 2002, were allowable and in accordance with Federal law and regulations.

To accomplish our audit objective, we reviewed PRDE's fiscal year 2002 Single Audit report and documents supporting the expenditures selected for testing. In addition, we interviewed PRDE's Central Office officials and PRDE's regional and school officials. We performed our fieldwork at PRDE's offices in Hato Rey, Puerto Rico, from June 25, 2003, through October 20, 2003, the date of our exit conference.

To test the expenditures for petitions of funds and transportation services, we made site visits to schools and regional offices. We made site visits from September 10, 2003, through September 18, 2003, to the following schools: Benigno Fernandez Garcia, Abraham Lincoln, Ramon

Marin, Walter MC Jones, Ramon B. Lopez, S.U. Eugenio Maria de Hostos, and Almirante Sur I. We also made site visits to the Ponce, San Juan, and Bayamón School regions on September 16, 19, and 22, 2003, respectively.

To achieve our audit objective, we selected both random and judgmental samples from the universe developed from the \$29,263,065 of Special Education expenditures reported by PRDE in its January 31, 2003, report to ED. Of that amount, \$13,535,521 represented non-salary related expenditures. Included in this total were expenses not covered by the Special Conditions reporting requirement (2002/2003 expenditures). We stratified our sample between non-salary related expenses for those expenditures covered by the Special Conditions and those expenditures not covered by the Special Conditions. The universe of non-salary expenditures covered by the Special Conditions included 55 expenditures totaling \$4,499,350. The universe of non-salary expenditures not covered by the Special Conditions had 621 expenditures totaling \$9,036,171, including numerous negative adjusting transactions.

We sampled 14 expenditures from the universe of expenditures covered by the Special Conditions; 25 expenditures from the universe of expenditures not covered by the Special Conditions; and 5 judgmentally selected negative expenditures from the universe of expenditures not covered by the Special Conditions.

The sample of 14 expenditures were stratified by dollar volume, omitting transactions under \$10,000 using the following strata:

\$10,000 - \$399,999	10 expenditures
\$400,000 plus	4 expenditures

The sample of 25 expenditures from the universe of positive expenditures not covered by the Special Conditions was stratified by dollar volume, using the following strata:

\$10,000 - \$99,999	12 expenditures
\$100,000 - \$399,999	6 expenditures
\$400,000 plus	7 expenditures

The judgmental sample of 5 negative expenditures not covered by the Special Conditions was based on the highest dollar expenditures.

In total, our samples accounted for \$8,072,669 (60 percent) of the total reported non-salary related Special Education expenditures. However, included in our samples were seven "Petition of Funds" transactions. These transactions represented the disbursement of funds to Community Schools and were not actually seven transactions, but multiple (10 plus) expenditures, supporting one transaction. As a result, we selected a judgmental sample based on the schools receiving the most funds. Using this basis, we judgmentally selected seven schools receiving \$3,000 or more.

To achieve our objective, we relied on the computer-processed data provided by PRDE to ED in its report dated January 31, 2003. To test the reliability and completeness of PRDE's data, we attempted to reconcile the expenditures reported by PRDE to drawdowns reported in GAPS. Based upon this test, we concluded that the data was not complete, but was sufficiently reliable

for audit purposes. While verifying PRDE's GAPS reconciliations, we found five grants with closed funding periods that had lapsed funds. Consequently, we incorporated this matter and its effects in the AUDIT RESULTS section of this report.

We conducted the audit in accordance with generally accepted government auditing standards appropriate to the limited scope of the audit described above.

### **STATEMENT ON MANAGEMENT CONTROLS**

As part of this audit we assessed the system of management controls applicable to PRDE's administration of Special Education expenditures and Special Education account balances. Our assessment was performed to gain an understanding of PRDE's system. Based on previous knowledge gained through our prior audits (ED-OIG/A01-90006, ED-OIG/A01-90007, ED-OIG/A01-A0004, ED-OIG/A02-B0012, ED-OIG/A02-B0025, and ED-OIG/A02-C0017) and ED's designation of PRDE as a "high-risk" grantee under 34 C.F.R. § 80.12, we determined the level of control risk, that is the risk that material errors, or irregularities, or illegal actions may occur, to be high. We found that PRDE lacked adequate controls for managing its Special Education account balances and for expending Special Education funds. These weaknesses and their effects are fully discussed in the AUDIT RESULTS section of this report.

### **ADMINISTRATIVE MATTERS**

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department official, who will consider them before taking final Departmental action on the audit:

Troy R. Justesen  
Acting Deputy Assistant Secretary  
Office of Special Education and Rehabilitative Services  
U.S. Department of Education  
400 Maryland Ave., SW  
Washington, D.C. 20202

It is the policy of the U.S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be greatly appreciated.

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.



In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

Sincerely,

/s/

Daniel P. Schultz  
Regional Inspector General  
for Audit

Attachment



DEPARTMENT OF EDUCATION

ASSISTANT SECRETARIAT OF INTEGRAL EDUCATIONAL SERVICES  
FOR INDIVIDUALS WITH DISABILITIES

Office of the Assistant Secretary

March 12, 2004

Daniel P. Schultz  
Regional Inspector General for Audit  
U.S. Department of Education  
Office of Inspector General  
75 Park Place, Room 1207  
New York, NY 10007


Dear Mr Schultz:

The Puerto Rico Department of Education appreciates the opportunity to submit comments regarding Draft Audit Report Control Number ED-OIG/A02-D0020. Enclosed please find our comments regarding the findings.

PRDE plans to review additional documentation regarding this audit, particularly the audit workpapers, over the next few weeks. PRDE may augment its response as a result of this review.

Please feel free to contact our office if you have any additional questions.

Sincerely,

  
Sonia Rosario Rodriguez  
Special Education Office  
Assistant Secretary

/mls

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**Attachment**



**OIG DRAFT AUDIT REPORT  
PRDE's SPECIAL EDUCATION EXPENDITURES  
AUDIT CONTROL NO. ED-OIG/A02-D0020**

The Puerto Rico Department of Education (PRDE) appreciates the opportunity to respond to the Office of Inspector General (OIG) findings set out in its January 26, 2004, draft audit report. This response was originally due thirty days after the date of the letter (February 25, 2004). On February 17, 2004, the PRDE requested an extension to respond to the findings due to the ongoing negotiations with the U.S. Department of Education on the Finding One. OIG granted the extension and required that this response be submitted no later than March 12, 2004.

PRDE has the following response to the findings contained in the audit report.

**Finding One – PRDE had approximately \$38.3 million in Special Education funds that have lapsed**

Finding One states that \$35,374,583 of Special Education grant money “will revert to the U.S. Treasury unless PRDE can provide evidence to ED of outstanding expenses obligated during the grant period.”

PRDE is working in cooperation with the U.S. Department of Education (ED) to ensure that these funds can be reimbursed to PRDE as quickly as possible. During recent conversations with ED, PRDE explained that it properly obligated the funds in question during the authorized award periods. Federal accounts were properly opened, and expenses incurred to the relevant accounts, but funds were not reimbursed to PRDE. It should be noted that because these Special Education grants exceed \$10 million, PRDE is required to use the zero balance/reimbursement technique for these funds under the Treasury-State Agreement between the United States and Puerto Rico.

PRDE has developed a methodology, which has been accepted by ED in recent conversations, which will allow PRDE to demonstrate the timely obligation of the Special Education grants. ED has stated that once PRDE provides evidence of obligations that were properly incurred, but not reimbursed, ED will reopen these grants and permit PRDE to liquidate the funds in question.

## Attachment

### **Finding Two – PRDE could not provide supporting documentation and used Special Education funds for purposes other than to serve Special Education students**

#### ***(a) Transportation Expenditures***

During its audit, OIG identified a series of transportation expenditures from the Bayamon Region and requested that PRDE provide documentation supporting the allowability of the costs to determine if the transportation expenses were provided to eligible students with disabilities. During the audit period, PRDE staff could not locate supporting documentation at the Bayamon Region, and its constituent school districts, Naranjito, Toa Alta, Bayamon, Catano, Dorado and Guyanabo school district, for those transactions processed on the payment request numbers: 03AP0139 and 03001326. These transactions total \$612,429.

The unsupported expenditures were paid to vendors that provided transportation services to students with disabilities. To obtain payment as a vendor, each vendor is required to submit a reimbursement request to the District Office designated for transportation. This request identifies the vendor's name, social security number and date the transportation expenditure was incurred. After receipt of the payment request or invoice, an official then completes a certification document to authenticate the expenditures as valid expenditure for a child with a disability. These requests for reimbursement are then combined into a payment document for review at the regional level.

The Regional transportation officer compiles a payment document with several invoices to be paid for submission to the Treasury Department for payment. This payment document identifies the payee, the payee's social security number, the date services were rendered, the amount to be paid, and the Federal funding source for payment. This document is reviewed and certified by the Regional transportation official designated to review transportation expenses and is submitted to the Treasury Department for processing and input into the PRIFAS system. Checks are issued to the vendors after the review process is completed.

PRDE has collected supporting documentation for the unsupported expenditures requested for review by the OIG audit for transportation expenditures from the Bayamón region. Below is a table summarizing the information from the Bayamón region for the expenditures not reviewed by the auditors:

**[The table contained names and payment details. We removed the table due to the Privacy Act.]**

## **Attachment**

### **(b) Trailer**

During the Spring Semester, the Benigno Fernandez Garcia Pre-Technical School purchased a trailer for the use of special education students. This trailer was purchased to serve students with disabilities in the pre-vocational program located at the school. However, due to a programmatic change, the pre-vocational program was relocated to the Salvador Brau School. The Benigno Fernandez Garcia Pre-Technical School redesignated the office for use of the social worker and a school counselor from August of 2003 to February 20, 2004. The audit determined that because the trailer was intended for the use of Special Education students, but the school temporarily directed that the trailer house the school's counselor and social worker, that the \$17,000 be converted to the exclusive use of eligible special education students.

PRDE has since reassigned the trailer for use by special education students. The special education teacher for the Benigno Fernandez Garcia Pre-Technical School has been relocated to the trailer. The students are those students who require a separate classroom at the local school. None of the students requires wheel-chair access to enter the ramp. Since February 23, 2004, the trailer has been used exclusively as a classroom location for twenty-five special education students. See Ex. 68. PRDE will use this trailer for the special education program and students for the remainder of its usable life.

### **RECOMMENDATIONS:**

#### ***2.1 – Return to ED \$612,429 in unsupported costs or provide supporting documentation of costs expended:***

PRDE has fully supported the identified costs. Should the OIG require additional documentation to support these funds, PRDE can provide this documentation.

#### ***2.2 – Institute controls to ensure all expenses paid are allowable and all documentation supporting expenses paid to contractors are maintained; and***

PRDE has taken steps to consolidate its ability to track expenditures for transportation. In the fall of 2003, PRDE created a pilot program at the Caguas Region designed to streamline delivery of services to students with disabilities and to consolidate much of the central administrative functions at the local level. As part of the pilot program, the Caguas Region has designated an official responsible for provision of appropriate

### Attachment

transportation to students with disabilities and instituted new procedures to verify transportation expenses. These procedures include:

- Verification of Attendance of students with disabilities
- Periodic Targeted monitoring of vendor's routes
- Certification by school directors of each date of attendance

This pilot program, including the revised procedures for processing transportation expenses, will be instituted in all regions on the Island for the 2004-2005 school year. PRDE also proposes the following corrective actions to remedy this finding:

- Analysis of the documentation procedure at the Regional Level regarding expenditures paid through the PRIFAS system
  - PRDE's Manual for the new Pilot Program includes new procedures outlined above regarding transportation expenditures. These procedures will become mandatory for all regions for the 2004-2005 school year as those regions are converted into the new service delivery model.
  - PRDE proposes to conduct an evaluation of the steps currently used to track expenditures. PRDE is currently developing a plan to restructure the financial and administrative procedures for the Special Education Department. This analysis will contain a cost-benefit analysis and a weighing of the potential risks in pursuing this option to determine if methods are available to simplify the process.
  - The PRDE will enhance its system of controls by providing additional training to personnel from the Offices of External Resources and Finance. This training will be conducted during the first quarter of the upcoming year.
- Additional mechanized remedies. PRDE is investigating additional mechanized remedies that may improve its ability to track payments to vendors. Within the short term, PRDE is considering implementing the following actions:
  - The revised procedures for the Caguas pilot project require that the transportation official include new requirements for verification and supporting documentation for transportation expenses.
  - PRDE will implement the revised procedures currently being implemented in the Caguas Region on an Island-wide basis during the next school year. PRDE will review and, if necessary, revise the new procedures regarding processing of transportation expenses for private vendors to determine if further adaptations are required.

## **Attachment**

### ***2.3 – Complete the trailer's handicapped facilities to make them accessible for Special Education students***

As described above, the trailer has been redesignated for the sole use of Special Education students. The existing ramp for the trailer is at too steep an incline for wheel-chair bound students to enter the trailer. Currently, none of the students assigned for class in the trailer requires wheel-chair access. However, PRDE will take the necessary steps to decrease the slope of the ramp, so that it is wheel-chair accessible.